

LYNCHBURG REGIONAL AIRPORT

COMMISSION MEMBER UPDATE

Wednesday, March 30, 2016

REPORT

AIRLINE PASSENGER TRAFFIC RESUMES UPWARD TREND

Passenger traffic at LYH resumed its fall growth after a brief break in January, with February recording a 7 percent increase over the same period a year ago. In all, the airport handled a total of 11,270 passengers in February, bringing the year-to-date increase to .8 percent. While that's good news in itself, the even-better news going forward is that American's April flight schedule contains a sizable 16 percent increase in passenger seats compared to last year's, which should result in continued passenger traffic growth based on average sustained load factors.

A major challenge to LYH's continued passenger growth continues to be manifested in the ongoing pilot shortage and the disproportionate negative impact that has had on the regional airlines. In fact, to improve the situation I just learned that Piedmont Airlines is anticipating a large reduction in available flight hours system-wide in its future schedules in order to "catch up" on crew training. In any event, it certainly appears that this issue is not going to get any better anytime soon.

CONSTRUCTION ON NEW CONTROL TOWER BEGINS IN APRIL

With completion of the contract award process for LYH's new air traffic control tower, the final contract with the builder, Coleman Adams, will be fully executed shortly with an initial pre-construction meeting scheduled for April 8, 2016. The \$3.3 million dollar structure is expected to be completed by the end of the year, with occupancy to occur soon after. Demolition of the existing tower, included as part of the bid process, will then follow immediately after the new tower is open and operational.

NEW PFC APPLICATION TO GET UNDERWAY

As part of the programmed funding for the new air traffic control tower, the airport has been pursuing the process of submitting a second Passenger Facility Charge (PFC) application to the FAA in order to make the new tower possible. We expect combined funding for the tower will be provided through a combination of federal, state and PFC funding, with the PFC portion accounting for upwards of \$1 million, depending upon the amount of state entitlement funds LYH receives in FY 2017. In addition to the necessary PFC funding for the ATCT, we will also be including a 20 percent local PFC match to the application to augment our state entitlement grant allocation in order to fund new multi-purpose snow removal equipment.

AIRPORT COMPLETES FINAL PHASE OF TERMINAL PARKING LOT UPGRADES

As a follow-on to Phase I of the airline terminal's parking lot upgrade that featured a complete pavement rehabilitation of the economy parking lot, Republic Parking last week completed Phase II of the project involving a total upgrade to all of the parking lot's ticket dispensers, gate arms and revenue management hardware and software. As you will recall, this project was made possible as part of an agreement with Republic Parking that was tied to the airport's recent increase in parking rates. While some minor parking lot roadway paving remains to be completed, this project is now essentially completed.

AIRPARK STUDY PRESENTATION SCHEDULED FOR MAY 19

As you may recall, the possibility of an industrial park near the south end of Runway 4-22 has been under consideration for more than 17 years. If developed, the approximately 260-acre "Airpark" would be built on land currently owned by both the airport (City of Lynchburg) and Campbell County.

Several months ago, Campbell County's Department of Economic Development contracted with an airport engineering firm located in northern Virginia to undertake a planning study to determine the feasibility and conceptual layout of a possible future Airpark. With the study now complete, the Lynchburg Economic Development Authority will host a presentation by the study's author, Kevin Clarke of Kimly-Horn, to be held at 8:30 a.m. on May 19, 2016 at City Hall in the second floor offices of the City Economic Development Department. This will be a public meeting and all airport Commission members are invited to attend.

AGENDA FOR COMMISSION MEETING

As you will recall, the Commission requested at its January meeting that I ask Dave Young of Freedom Aviation to make a presentation to the Commission at its March meeting in order to provide a briefing on Freedom Aviation's and the Liberty School of Aeronautics' five-year or similar long-range plan, current strategic plan, etc. Unfortunately, when Dave was contacted he indicated that he will be out of town next Monday attending the annual Sun N' Fun event in Florida. At this point, it appears that he will be available to make the presentation at the June 20th meeting of the Commission. That item, therefore, will be added to the agenda for the next meeting.

As has become customary in anticipation of the 2016 Lynchburg Regional Airshow, airshow director Ernie Rogers will be included on the agenda to brief members on the latest planning elements for the May 21-22 airshow. In addition, following last meeting's presentation on the airport's FY 2017 operating budget, the Commission will be asked to make a recommendation to City Council that the budget as proposed be approved. I will also be making a brief presentation on the airport's latest 6-year Airport Capital Improvement Plan (ACIP) as submitted to the City and the FAA.

Respectfully yours,

Mark F. Courtney

Mark F. Courtney, A.A.E.
Airport Director

LYNCHBURG REGIONAL AIRPORT COMMISSION

Monday, April 4, 2016

4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

2. January 25, 2016 Commission Meeting Minutes
3. Lynchburg Regional Airport March 2016 Air Service Update
4. February 2016 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

5. Report of the Lynchburg Regional Airshow Director on the status of the 2016 airshow
6. Report of the Airport Finance Manager
 - A. Commission discussion and questions regarding the airport's proposed FY 2017 Operating Budget as presented at the January 25, 2016 Commission meeting

Commission Action: Make recommendation to City Council to approve the airport's proposed FY 2017 Operating Budget
7. Report of the Airport Director
 - A. A report summarizing LYH's 2016-2021 Airport Capital Improvement Program (ACIP) as submitted to the FAA
 - B. An update on American Airlines' operational performance at LYH
8. Miscellaneous business
 - A. Inquiries and/or comments by Commission Members
9. Reports of airport businesses
10. Hearings of citizens upon Commission matters
11. Adjournment

**MINUTES OF THE
LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING
Monday January 25, 2016
4:00 p.m.**

PRESENT:

Stuart Hobbs
Kimball Payne
Bert Dodson
Mike Davidson
Robert Day
Massie Ware

ABSENT:

Lynch Christian
Charles Nowlin
Debra Allen

STAFF PRESENT:

Mark Courtney, Airport Director
Rick Stein, Deputy Airport Director
Wes Campbell, Airport Finance Director

(1) CALL TO ORDER:

The meeting was called to order at 4:00 p.m.

(2) APPROVAL OF JANUARY 25, 2016 CONSENT AGENDA

Mr. Stewart Hobbs confirmed that everyone had received the items from the consent agenda; the November 23, 2015 Commission Meeting Minutes, the January 2016 Air Service Update and the December 2015 Passenger Traffic Report and asked if there were any questions, comments or changes regarding the consent agenda items.

Mr. Hobbs asked if there were any questions or concerns or changes on the Consent Agenda.

There being none, Mr. Hobbs said the consent agenda was adopted as presented to receive and file.

(3) REPORT OF THE LYNCHBURG REGIONAL AIRSHOW DIRECTOR ON THE STATUS OF THE 2016 AIRSHOW

Mr. Ernie Rogers handed out a diagram indicating changes in the airshow show center, VIP area, and spectator area per the Blue Angels requirements. Because the spectator area is out of the way, a trolley will operate between the static displays and the airshow viewing area all day. He said at the last air show 300 seats for friends and family of the Blue Angels were required to be reserved, and only three of the seats were used. He said they asked the Blue Angels if the seat requirement could be lowered and was told it could not, so the three hundred seats will be in front of the bleachers for the Friends and Family of the Blue Angels. He described the different onsite parking lots and the numbers that would fit into each as primary parking. There will be satellite parking at Liberty University with a shuttle going between there and Freedom Aviation. There ensued a general discussion.

(4) REPORT OF THE FINANCE DIRECTOR REGARDING THE AIRPORT'S FY 2017 AIRPORT OPERATING BUDGET SUBMISSION

Mr. Wes Campbell asked the Commission if he could give an overview and then give the Members a chance to review the budget and ask questions at the next meeting in March with the intent of making a recommendation to City Council regarding the budget. This was discussed and approved.

Mr. Campbell said we have submitted a budget that represents a 0.0% increase in expenses, which is what we were asked to do. He said our total budget is around \$2.4 Million. We are projecting revenues to increase by about 7.5% so the additional revenue combined with basically no increase in expenses is going to give us a budget that not only requires no subsidy from the City for the second year in a row, but shows us with approximately \$170,000 in more revenues than expenses.

He further discussed the three-page fund summary showing beginning and ending balances given our revenues and expenses that are projected, followed by a one-page summary of our revenues, then a one-page summary category of expenses, and the departmental expenses. He said all of these numbers can be correlated back to earlier pages which are more condensed. There followed a general discussion.

(5) REPORT OF THE AIRPORT DIRECTOR

A. A report summarizing calendar year 2015 airline passenger traffic results and year-end airport operations.

Mr. Courtney pointed out on the Traffic Report that we finished the year down 3.8% in enplaned passengers. He said that October and November and December were actually up in enplaned passengers. In spite of delays and cancellations, December was up 5.7% in enplaned passengers over the previous year. He said a lot of our increases have been on actually less capacity, fewer flights overall. Our year-to-date numbers for all of 2015 are down 3.8% in passenger traffic, but we were also down 3.5% in actual departures, so if we had those number of seats and flights that we had last year, we would have at least been even for the year.

He said our load factors (the percentage of seats filled for the entire year) reached over 80.3 %, and our load factor for the month of December was 81.7%. We had over 1,900 departures with over 93,000 seats in 2015, and to finish the year with 80% of all those flights occupied was very good. He said this is why we will keep airline service here and why we can continue to make our case for more service with our existing fare structure.

He said operations were down 7% which corresponds with the 3.5% fewer airline flights, but general aviation was down 13%. Military was down considerably, but that always fluctuates depending on the contracts or their missions. He said one of the reasons that general aviation is down is the School of Aeronautics had their biggest class of flight students yet and some issues came to light with regard to reaching capacity in the pattern and in our airspace which started to create a bit of a safety concern for the tower and for the School of Aeronautics. After working with the tower, they modified their procedures a bit and now restrict the number of aircraft that are in the flight pattern at any given time. They are also going elsewhere a bit more often.

Mr. Bob Day said he said he would be very interested to hear what Freedom Aviation's five-year plan would be. He said they have got to have either a business plan or a strategic plan that they brief with their bosses every year. He thought perhaps they could come over and share with us to make sure that the airport has the facility and the capacity in whatever they look for to determine growth. He asked if we could issue that invitation.

Mr. Courtney asked if the Commission if it would like him to invite Freedom on behalf of the Commission to a future Commission Meeting and put Freedom on the agenda.

Mr. Hobbs responded that he thought it was a good idea.

Mr. Courtney asked if they wanted to issue the invitation for the March meeting and the Commission responded yes. Mr. Courtney asked the Commission if they were looking for a five-year planning horizon and the Commission responded that they were.

There followed a general discussion.

B. An update on American Airlines' operational performance at LYH.

Mr. Courtney passed out a handout showing performance percentages for October and November and January to date. He pointed out that we have been having issues relative to the weather but we still have been experiencing quite a number of delays. There are a few mechanicals as reasons for delays, but there are a lot of delays because of crew rest issues under the new requirements as well as a few attributable to pilot shortage issues. Mr. Courtney went on to further discuss the issue and there followed an in-depth general discussion.

C. An update on activity on the Self-Service Fueling Committee.

Mr. Courtney said Mr. Charles Nowlin is on the Self-Service Fueling Committee and he is out of town so we will get back to that. He then asked Mr. Mike Davidson if he knew what Campbell County's cost was for the self-service fueling operation they had in Brookneal.

Mr. Davidson said it was around \$250,000 by the time they added the software package to do the billing/credit card transactions.

Mr. Courtney then asked about the tank and pump, and Mr. Davidson said he had some conversations with the folks and there was no interest in selling it so he did not pursue it any further.

Mr. Courtney asked if it was a 10,000 or 12,000 gallon tank, and Mr. Davidson replied that it was a 15,000 gallon tank.

Mr. Courtney said even at half of what Campbell County had spent he did not think that we could make this work. He went on to further discuss the issue. There followed a brief discussion.

(6) MISCELLANEOUS BUSINESS

A. Inquiries and/or comments by Commission Members.

Mr. Hobbs asked if there were any inquiries or comments by Commission Members.

Mr. Hobbs welcomed Mr. Massie Ware as the new member of the Commission.

(7) REPORTS OF AIRPORT BUSINESSES

Mr. Hobbs asked if there were any reports of airport businesses.

Mr. Courtney said one last thing for the record; he wanted to commend our snow crew here at Lynchburg Regional Airport, and all of our airport employees who worked continuous 12-hour shifts with two teams during the snow. He said they just did a great job and they really kept up with it. He said we have a snow plan that is very structured and they are all experienced with it, but once you get into that long of an event you really can fine tune and get your snow plan execution down pat. He went on to further discuss the issue.

(8) HEARINGS OF CITIZENS UPON COMMISSION MATTERS

Mr. Hobbs asked if there were any questions or comments from the citizens present.

There were none.

(9) ADJOURNMENT

There being no further business, the meeting was adjourned.

Lynchburg Regional Airport Commission

Effective April 2016

AIR SERVICE UPDATE

Summary The number of daily departure seats on Saturday is 250; there are 300 daily departures seats all other days. The daily departure frequency is six every day except Saturday which has five departures.

Carrier Profile	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	American Airlines	Charlotte	6 / 5	300 / 250	DH3
AIRPORT TOTAL:			6 / 5	300 / 250	

American Airlines During the month of March, there were five departures on Saturdays and six departures on all other days. All flights in March were 50-seat DH3s. The April schedule will be the same as the March schedule.

Destinations Served	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
Charlotte		6	6 (Su, M, T, W, Th, F)
Charlotte		5	5 (Sa)

Aircraft Types	<u>Aircraft</u>	<u>No. of Departures/Day</u>
	DH8 Dash 8-100	0
	DH3 Dash 8-300	All scheduled flights
	CRJ	0

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR FEBRUARY 2016

AIRLINE PASSENGERS (REVENUE ONLY)									
ENPLANED	MONTH			YEAR TO DATE TOTALS		PERCENTAGE CHANGES			
	Feb-16	Jan-16	Feb-15	2016	2015	Feb-16 Jan-16	Feb-16 Feb-15	16 YTD 15 YTD	
US Airways - Piedmont	5,652	5,271	4,885	10,923	9,672	7.2% #DIV/0!	15.7% #DIV/0!	12.9% #DIV/0!	
US Airways - Air Wisconsin	-	-	-	-	-	#DIV/0!	-100.0%	-100.0%	
US Airways - PSA	-	-	365	-	1,075	#DIV/0!	-100.0%	-100.0%	
Charter	-	-	-	-	-				
TOTAL ENPLANED	5,652	5,271	5,250	10,923	10,747	7.2%	7.7%	1.6%	
DEPLANED									
US Airways - Piedmont	5,618	5,721	4,879	11,339	10,077	-1.8% #DIV/0!	15.1% #DIV/0!	12.5% #DIV/0!	
US Airways - Air Wisconsin	-	-	-	-	-	#DIV/0!	-100.0%	-100.0%	
US Airways - PSA	-	-	415	-	1,265	#DIV/0!	-100.0%	-100.0%	
Charter	-	-	-	-	-	#DIV/0!	-100.0%	-100.0%	
TOTAL DEPLANED	5,618	5,721	5,294	11,339	11,342	-1.8%	6.1%	0.0%	
TOTAL AIRLINE PASSENGERS	11,270	10,992	10,544	22,262	22,089	2.5%	6.9%	0.8%	
AIRLINE FLIGHTS									
NUMBER OF DAILY SCHEDULED DEPARTURES									
US Airways - Piedmont	6	6	3			0.0% #DIV/0!	100.0% -100.0%	##### #DIV/0!	
US Airways - Air Wisconsin	0	0	3			#DIV/0!	-100.0%	-100.0%	
US Airways - PSA	0	0	0			#DIV/0!	-100.0%	-100.0%	
Total Daily Scheduled Departures	6	6	6			0.0%	0.0%		
NUMBER OF CANCELLED DEPARTURES									
US Airways - Piedmont	16	20	17	36	20	-20.0% #DIV/0!	-5.9% #DIV/0!	80.0% #DIV/0!	
US Airways - Air Wisconsin	0	0	0	-	-	#DIV/0!	-100.0%	-100.0%	
US Airways - PSA	0	0	0	-	2	#DIV/0!	-100.0%	-100.0%	
Charter	0	0	0	-	-	#DIV/0!	-100.0%	-100.0%	
Total Cancelled Departures	16	20	17	36	22	-20.0%	-5.9%	63.6%	
NUMBER OF ACTUAL DEPARTURES									
US Airways - Piedmont	147	145	126	292	263	1.4% #DIV/0!	16.7% -100.0%	11.0% #DIV/0!	
US Airways - Air Wisconsin	0	0	10	-	-	#DIV/0!	-100.0%	-100.0%	
US Airways - PSA	0	0	0	-	31	#DIV/0!	-100.0%	-100.0%	
Charter	0	0	0						
TOTAL ACTUAL DEPARTURES	147	145	136	292	294	1.4%	8.1%	-0.7%	
AIRCRAFT OPERATIONS									
(Landings and Takeoffs)									
COMMERCIAL AIRLINE	421	434	398	855	830	-3.0%	5.8%	3.0%	
GENERAL AVIATION	8,213	6,268	6,758	14,481	13,682	31.0%	21.5%	5.8%	
MILITARY	65	93	108	158	247	-30.1%	-39.8%	-36.0%	
TOTAL AIRCRAFT OPERATIONS	8,699	6,795	7,264	15,494	14,759	28.0%	19.8%	5.0%	



LYNCHBURG REGIONAL AIRPORT TRAFFIC STATISTICS FOR FEBRUARY 2016

FEBRUARY	PIEDMONT				AIR WISCONSIN				PSA				TOTALS			
	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor
Aircraft Type																
DHC-8-200	-	-											-	-		
DHC-8-300	144	7,200											144	7,200		
DHC-8	3	111											3	111		
CR7													-	-		
CRJ(50 SEAT)	-	-			0	-			-	-	0		-	-		
Total	147	7,311	5,652	77.3%	-	-	-	#####	-	0	0	#DIV/0!	147	7,311	5,652	77.3%

Year-to-Date	PIEDMONT				AIR WISCONSIN				PSA				TOTALS			
	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor
DHC-8-200	-	-											-	-		
DHC-8-300	285	14,250											285	14,250		
DHC-8	7	259							#REF!				7	259		
CR7									0	-			-	-		
CRJ(50 SEAT)	-	-			0	-			0	-			-	-		
Total	292	14,509	10,923	75.3%	-	-	-	#####	-	-	-	#DIV/0!	292	14,509	10,923	75.3%